



**APPAREL EXPORT PROMOTION COUNCIL**  
(SPONSORED BY: MINISTRY OF TEXTILES, GOVT. OF INDIA)

**AEPC INITIATIVES FOR APPAREL EXPORTERS  
&  
APPEAL TO GOVERNMENT  
To Mitigate & Combat the impact of Covid-19**

- Apparel trade which is deeply integrated with the global value chain has been disastrously impacted by the disruption in both Imports and Exports
- India's Top 10 markets like US, UAE, UK, Germany, Spain, France, Netherlands, Italy, Saudi Arabia, Canada, which contributes around 75% of our market are among the severely hit regions
- Overseas buyers and buying houses are either cancelling or postponing confirmed export orders
- The cancellations, deferments and postponement of shipments have resulted in packing credits being eroded, and impacted the fund-liquidity position of the exporters

**The situation poses tremendous challenges, *inter-alia* in the following areas:**

1. Cost of cancellation/deferment of ongoing & confirmed export order
2. Uncertainty/Unpredictability of payment from buyers
3. Payment of Salary & Wages - even for lockdown period and no order situation
4. Statutory payments like PF, ESI, Power/Electricity charges
5. Pendency of ROSL, ROSCTL, IGST & ITC refunds
6. High Freight Cost
8. Uncertainty of the buyers turning bankrupt
9. Banking Challenges

**AEPC is continuously taking up the issues of Apparel Industry to:**

1. Hon'ble Prime Minister of India
2. Ministry of Finance
3. Ministry of Textiles
4. Ministry of Commerce & Industry
5. Ministry of Labour & Employment
6. Ministry of Civil Aviation
7. Reserve Bank of India
8. Chief Ministers of State Government
9. Cabinet Secretary
10. NITI Aayog

## And taken the following initiatives

- a) AEPC has engaged with Brands/Buying Houses/Buying Agents Association and multi stake organisations like ETI for taking up the apparel sector challenges
- b) Chairman, AEPC appealed to buyers not to cancel orders
- c) Chairman, AEPC has attended several videos conferences with Hon'ble Commerce Minister, Hon'ble Textile Minister
- d) Chairman, AEPC is also the part of production and logistics committee of Ministry of Textiles
- e) Initiatives of Ministry of Commerce, Ministry of Textiles and Embassies to identify new export opportunities and new sources of raw material, post COVID has been shared with all member exporters
- f) AEPC has prepared an Advisory for Safe, Healthy & Sustainable Restart of Apparel Industry
- g) AEPC has also done the study on Impact of COVID on Apparel sector, Capacity on PPE manufacturing & Buyers & their order position to assess the scenario arising from COVID-19.

## Webinars

- a) Medical Textiles (PPE) – Marketing Opportunities
- b) Manufacturing of PPE products under Medical Textiles (2000 Registration) with ITTA, SITRA and Lectra
- c) Managing Trade credit under the COVID-19 pandemic situation

**Hon'ble Minister of Textiles, Smt. Smriti Zubin Irani has appealed to our overseas buyers for “Commerce with Compassion” in a personalized video message and this message to the AEPC members is indeed heartening and reflects the concern of the Hon'ble Minister and the Ministry for the Apparel Export Industry**



## Government announcements to provide Relief to the Industry:

### Ministry of Textiles

1. ROSCTL scheme for apparel and made ups has now been extended beyond 31st March, 2020
2. Easing out the norms under Amended Technology Upgradation Fund Scheme (ATUFS)
  - Entities can exercise an option for getting the JIT recommended subsidy released prior to scrutiny of the JIT reports by respective authorities as per delegated powers, subject to submission of Bank Guarantee equivalent to recommended subsidy.
  - Bank Guarantee should be equivalent to the amount of subsidy recommended by the JIT in its report.
  - All accounts extending beyond 31<sup>st</sup> March 2021 (i.e., accounts for which subsidy claims have been filed by the banks along with necessary documents/information and where JIT has submitted the report with recommendation and are confirmed by the Regional Offices of the Textile Commissioner for release of pending Interest reimbursement/Capital Subsidy as per the committed liability but awaits scrutiny at relevant financial approving authority), were given option to show their willingness in the window provided in iTUFS portal that they would like to submit Bank Guarantee (BG) to get their subsidy through bank/lending agency. The option was available till 25<sup>th</sup> April 2020
  - O/o the Textile commissioner defined the points to be followed for processing subsidy release under RRTUFs against Bank Guarantee. The TXC has also provided the RO wise list of cases which are eligible against BG under RRTUFs
  - O/o the Textile commissioner has issued Standard Operating Procedure (SOP) for release of RRTUFS subsidy under WFH arrangement during lockdown period of COVID-19 outbreak. The SOP for the release of TUFS will be followed by the RR TUFS section for the disbursement of the subsidy during the lockdown period. Additionally the pre receipt and utilization certificate from banks will also be forwarded to DDO (TUFS) for the release of subsidy under RRTUFS.
3. Allocation of an amount of Rs.464.13 crore for issuance of duty credit scrips in respect of pending claims under the ROSL Scheme

### DGFT, Ministry of Commerce

1. To provide continuity in the policy regime, the current FTP, valid till 31.03.2020 has been extended
2. Validity period for making imports under various duty-free import authorizations (AA/DFIA/EPCG) expiring between 01.02.2020 and 31.07.2020, has been allowed automatic extension for another six months from the date of expiry, without requirement of obtaining such endorsement on these authorizations
3. Wherever the period to make export is expiring between 01.02.2020 and 31.07.2020 under various authorizations, automatic extension in the export obligation period is allowed for another six months from the date of expiry, without payment of any composition fee
4. Retrospective Issuance of Certificates of Origin under India's of trading Agreements

5. Extension of validity of Registration cum Membership Certificate (RCMC) beyond 31st March, 2020
6. Acceptance of scanned copies of pre-registration application and other documents by Local Users for registration under the European Union's Generalised System of Preferences (EU GSP)

#### CBIC, Department of Revenue

1. Exemption from payment of IGST and Compensation Cess on the imports made under Advance/EPCG Authorisations and by EOUs etc. has been extended up to 31.03.2021
2. CBIC Measure to facilitate trade during the lockdown period
3. Exemption of customs duty on ventilators, personal protection equipment, covid-19 testing kits and inputs for these goods
4. Extension of the period of validity of existing Export Performance Certificates for FY 2019-20 up to 30.09.2020

#### MSME

##### 1. Upward revision of MSME definition

The New Definition of MSME are given below:

Category	Old Capital	Old Turnover	New Capital	New Turnover
Micro	25 Lakh	10 Lakh	1 Crore	5 Crore
Small	5 Crore	2 Crore	10 Crore	50 Crore
Medium	10 crore	5 Crore	50 Crore	250 Crore

It has also been decided that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.

2. Rs 3 lakh crores Collateral-free Automatic Loans for Businesses, including MSMEs - Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to 20% of entire outstanding credit as on 29.2.2020

##### Details

- Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnover eligible
- Loans to have 4 year tenor with moratorium of 12 months on Principal repayment
- Interest to be capped

- 100% credit guarantee cover to Banks and NBFCs on principal and interest
- Scheme can be availed till 31st Oct 2020
- No guarantee fee, no fresh collateral

### **3. Rs 20,000 crores Subordinate Debt for Stressed MSMEs –**

#### **Details**

- Stressed MSMEs need equity support
- Govt will facilitate provision of Rs. 20,000 cr as subordinate debt
- Functioning MSMEs which are NPA or are stressed will be eligible
- Govt. will provide a support of Rs. 4,000 Cr. to CGTMSE
- CGTMSE will provide partial Credit Guarantee support to Banks
- Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.

### **4. Rs 50,000 cr. Equity infusion for MSMEs through Fund of Funds**

#### **Details**

- MSMEs face severe shortage of Equity.
- Fund of Funds with Corpus of Rs 10,000 crores will be set up.
- Will provide equity funding for MSMEs with growth potential and viability.
- FoF will be operated through a Mother Fund and few daughter funds
- Fund structure will help leverage Rs 50,000 cr of funds at daughter funds level
- Will help to expand MSME size as well as capacity.
- Will encourage MSMEs to get listed on main board of Stock Exchanges.

### **5. Rs. 2500 crore EPF Support for Business & Workers for 3 more months**

#### **Details**

- Under Pradhan Mantri Garib Kalyan Package (PMGKP), payment of 12% of employer and 12% employee contributions was made into EPF accounts of eligible establishments.
- This was provided earlier for salary months of March, April and May 2020
- This support will be extended by another 3 months to salary months of June, July and August 2020

### **6. EPF contribution reduced for Business & Workers for 3 months- Rs 6750 crores Liquidity Support**

#### **Details**

- Therefore, statutory PF contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months.
- This scheme will be applicable for workers who are not eligible for 24% EPF support under PM Garib Kalyan Package and its extension.
- This will provide liquidity of Rs 6750 Crore to employers and employees over 3 months.

### **7. Rs 50,000 crores liquidity through TDS/TCS rate reduction –**

#### **Details**

- In order to provide more funds at the disposal of the taxpayers, the rates of Tax Deduction at Source (TDS) for non-salaried specified payments made to residents and rates of Tax Collection at Source (TCS) for the specified receipts shall be reduced by 25% of the existing rates

- Payment for contract, professional fees, interest, rent, dividend, commission, brokerage, etc. shall be eligible for this reduced rate of TDS
- This reduction shall be applicable for the remaining part of the FY 2020-21 i.e. from tomorrow to 31st March, 2021.

### Labour

1. The ESIC contribution for the month of February, can be filed and paid upto 15th May, 2020 instead of earlier extended period of 15th April, 2020
2. EPFO announcement - Date of Filing Electronic Challan Cum Return (ECR) for Wage Month March, 2020 Extended Up to 15.05.2020 from 15.04.2020

### Reserve bank of India

1. Moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020
2. Easing of Working Capital Financing
3. Time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020, has been extended to 15 months from the date of export
4. Insertion of provision in the EPF scheme, 1952 to provide advance to the EPF members in the situation emerging due to COVID-19 pandemic.
5. RBIs - Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets
6. Exemption for the exporters from enforcement of the provisions of automatic caution listing, for a further period of six months till 30 September, 2020
7. Extension of Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit for one year i.e. upto March 31, 2021
8. Announcement made by RBI on Developmental and Regulatory Policies
  - I. **Export Credit** - It has now been decided to increase the maximum permissible period of pre-shipment and post shipment export credit sanctioned by banks from the existing one year to 15 months, for disbursements made up to July 31, 2020
  - II. **Liquidity Facility for Exim Bank of India** - It has been decided to extend a line of credit of Rs. 15,000 crore to the EXIM Bank for a period of 90 days from the date of availment with rollover up to a maximum period of one year so as to enable it to avail a US dollar swap facility to meet its foreign exchange requirements

**III. Extension of Time for Payment for Imports** - It has been decided to extend the time period for completion of remittances against normal imports into India (except in cases where amounts are withheld towards guarantee of performance) from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020. The measure will provide greater flexibility to importers in managing their operating cycles in a COVID-19 environment.

**IV. Moratorium on Term Loan Instalments** - It has been decided to permit lending institutions to extend the moratorium on term loan instalments by another three months, i.e., from June 1, 2020 to August 31, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by another three months

**V. Deferment of Interest on Working Capital Facilities** - In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are being permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, in addition to the three months allowed on March 27, 2020 on payment of interest in respect of all such facilities outstanding as on March 1, 2020

**VI. Payment of Interest on Working Capital Facilities for the Deferment Period** - lending institutions are permitted to convert the accumulated interest on working capital facilities over the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (i.e., March 31, 2021)

**VII. Extension of Resolution Timeline** - Given the continuing challenges to resolution of stressed assets, lending institutions are permitted to exclude the entire moratorium/deferment period from March 1, 2020 to August 31, 2020 from the calculation of 30-day Review Period or 180-day Resolution Period, if the Review/Resolution Period had not expired as on March 1, 2020.

**Ministry of Shipping** - Shipping companies or carriers (and their agents by whatever name called) shall not charge, levy or recover any penal charges, demurrage, ground rent, storage charges in the port, detention charges, dwell time charges, additional anchorage charges, penal berth hire charges, vessel demurrage or any performance related penalties on cargo owners/consignees of non-containerized cargo till 3 May, 2020.

#### **Facilitation measures related to PPE**

##### **1. Amendment in the Export Policy of Masks**

DGFT vide its [Notification No. 6/2015-2020](#) dated 16<sup>th</sup> May, 2020 has allowed the export of non-medical/non-surgical masks of all types (cotton, silk, wool and knitted). However, the export of all other types of masks falling under any ITCHS code, including the HS codes (392690, 621790, 630790, 901890, 9020) would continue to remain prohibited.

##### **2. Exemption from Customs Duty on ventilators, personal protection equipment's, covid-19 testing kits and inputs.**

Exemption to the goods of the description specified in the table below falling within the Chapter from whole of the duty of customs leviable thereon under the First Schedule to the said Customs Tariff Act and the whole of health cess leviable thereon under section 141 the said of Finance Act, 2020 vide

Notification No. 20/2020– Customs dated 9<sup>th</sup> April, 2020. This notification shall remain in force upto and inclusive of the 30th September, 2020.

S. No.	Chapter or Heading or sub-heading or tariff item	Description of goods
1	9018 or 9019	Artificial respiration or other therapeutic respiration apparatus (Ventilators)
2	63 or any chapter	Face masks and surgical Masks
3	62 or any chapter	Personal protection equipment (PPE)
4	30, 38 or any chapter	Covid-19 testing kits
5	Any Chapter	Inputs for manufacture of items at S. Nos. 1 to 4 above,subject to the condition that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

### 3. State level facilitations

Tamil Nadu has sanctioned a Special Incentive Package to promote the manufacturing of COVID-19 related medical equipment's and drugs including N-95 Masks and PPE kits. The package will be a combination of financial incentives and ease of starting business related facilitations vide Order no. G. O (Ms) No. 113 dated 2<sup>nd</sup> April, 2020.

### 4. Certification Requirement

On 6th April 2020, Ministry of Textiles has issued detailed procedure for issue of Unique Certification Code (UCC) for each passed proto-type sample from the manufactures of the PPE Coveralls. These procedures have been further rationalized vide Ministry of Textiles letter dated 22nd April 2020.

The UCC Code refers to each proto-type sample submitted by the manufacturer, and is required to be embossed on each manufactured Coverall along with the name of the manufacturer, date of manufacture and name of the client. This procedure has been fully implemented in respect of procurement made by M/s HLL Lifecare Limited.

Link to the Ministry of Textiles letter dated 06.04.2020 and OM dated 22.04.2020 is given below:-

- i. [http://texmin.nic.in/sites/default/files/6.Textiles-QC\\_Letter-06Apr2020.pdf](http://texmin.nic.in/sites/default/files/6.Textiles-QC_Letter-06Apr2020.pdf)
- ii. <http://texmin.nic.in/sites/default/files/Textiles-PPE-QualityControlMechanism.pdf>

### 5. List of laboratories equipped to conduct Testing and Certification of Synthetic Blood Penetration Resistance Test.



Ministry of Textiles vide Order No. F. No.8/4//2020-R&D dated 20.05.2020 has notified that the list of laboratories (given below) equipped to conduct testing and certification of Synthetic Blood Penetration Resistance Test required for Body Coveralls:

- I. South Indian Textile Research Association, Coimbatore
- II. Defence Research & Development Establishment, Gwalior now at INMAS (DRDO) laboratory at Delhi.
- III. Heavy Vehicles Factory, Avadi, Tamil Nadu
- IV. Small Arms Factory, Kanpur, UP
- V. Ordnance Factory at Muradnagar, UP
- VI. Ordnance Factory at Kanpur, UP
- VII. Ordnance Factory at Ambarnath (Near Mumbai), Maharashtra
- VIII. Metal and Steel Factory, Ishapore (Near Kolkata), West Bengal
- IX. Laboratory of Textiles Committee, Mumbai

All testing, certification and quality control procedures required in connection with PPE Body Coveralls required for COVID-19 can be conducted in the above mentioned laboratories.

## **AEPC APPEAL TO GOVERNMENT OF INDIA FOR APPAREL EXPORT INDUSTRY SPECIFIC RELIEF PACKAGE**

### **i. Easing of Commitment towards workers:**

- Wages of our workers may be made out of the ESI funds which we are paying regularly over the years  
We wish to draw your kind attention to the Atal Bimit Vyakthi Kalyan Yojana (ABVKY) Scheme of the Government, which has, as understood, huge reserves of about Rs.91,000 crores, as contributed by employees and employers. The same may kindly be utilized along-with reserve funds for payment of wages.
- Government may kindly contribute towards Salaries of employees for six weeks, or till normalcy resumes
- Government may kindly pay for the employer's portion of EPF for the months of March/April/May/June, 2020 irrespective of number of workers employed.
- Government may waive both the employers and employees ESI contributions of for the months of March, April, May and June 2020
- The benefit under the Pradhan Mantri Garib Kalyan Package (PMGKP) of payment of 12% of employer and 12% employee contributions towards EPF accounts of eligible establishments, extended by another 4 months (April-July 2020). It has been suggested that this benefit be granted irrespective of the number of workers employed and more specifically to cover all the Apparel Exporting Units who may kindly be notified as eligible establishments.

### **ii. Steps to ease working capital constraints:**

- Packing credit to be extended for 6 months without any penal interest.
- Forward contract also to be extended by six months without any penalty

- A large number of our Exporters lost huge money by booking forward contracts and we feel that the loss can be converted into a working capital-Term-Loan with a repayment in three years with a 6% Interest rate
- Penalty imposed on forward covers, imposed by certain banks may be waived off
- The benefit of Interest Equalisation Scheme extended by one year it has been requested that this may be extended by at least two years and the benefit of 5% may kindly be extended to all Apparel Exporting Units at par with MSME Sector.
- The facility of granting of additional working-capital to all MSME Units without any additional collateral is a welcome step. It is requested that this benefit be granted to all Apparel Exporting Industries irrespective of their size
- AEPC has studied the Global Market Trends and we find that China, Combodia, Vietnam and Indonesia are exporting 80% Manmade Fibre Garments globally and we also find that top importing countries are buying 85% garments made out of Manmade Fibre, whereas we export 90% of cotton garments only. To encourage export of Manmade Fibre Garments we have requested to sanction 6% Covid-fund for encouraging to export Manmade Fibre Garments

**iii. Easing out Reimbursement Schemes like ROSCTL:** The ROSCTL which has been extended, may be given as “Direct Cash Transfer”, as in the case of erstwhile ROSL and drawback. This will reduce the time and transaction cost of availing the scheme

**iv. MEIS scheme:** MEIS scheme may be reintroduced w.e.f. 7th March, 2019 for Apparel exporters and the scheme should be continued beyond 31st March, 2020

**v. Improve Insurance Terms through ECGC:**

- ECGC may give the payment of shipped goods for which buyers are not paying
- ECGC may devise the mechanism of payment of shipped goods for which payment is not received
- Exporters will later deposit the money back to ECGC once the buyers make the payment.
- Immediate implementation of NIRVIK Scheme and expand coverage to pre-shipment rules.
- Expand the terms of ECGC to include “force majeure” situation as prevailing

**vi. ITC, IGST & Drawback refunds related**

- To defer the payment of GST dues for a period of three months without penalty
- To ensure early release of pending ITC & IGST refunds
- To ensure early release of pending Drawback

**vii. Demurrage Charges -** Demurrage waiver should be allowed to all exports shipments which are lying at various Indian Airports

*Our efforts for mitigating these challenges and bringing the industry & exports back to normal will continue & we shall periodically update you.*

With kind regards,

Sanjeev Nandwani,  
Secretary General, AEPC  
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[AEPC update on COVID-19](#)  
[www.aepcindia.com](http://www.aepcindia.com)

#### **About Apparel Export Promotion Council (AEPC)**

- Incorporated in 1978, AEPC is the official body of Apparel exporters in India that provides invaluable assistance to Indian exporters as well as importers/ international buyers who choose India as their preferred sourcing destination for garments.
- AEPC has contributed towards:
  - Integrating the entire industry
  - Training the workforce and supplying a steady stream of manpower to the industry
  - Identifying the best countries to source machinery and other infrastructure
  - Facilitating Apparel exporters to showcase their best products at domestic fairs as well as to highly visible international fairs around the world
  - Providing market intelligence and policy advocacy
- AEPC member exporters strives expertise to excel in Apparel manufacturing
- Indian Apparel exporters grown from strength to strength each year in their achievements
- Grass root workers and skill proficiencies have been enhanced
- International buyers get superior solutions for their end consumers